



**ERRATUM  
REDACTED FOR PUBLIC INSPECTION**

Austin, TX  
5929 Balcones Drive, Suite 200  
Austin, TX 78731-4280  
Phone: 512.343.2544  
Fax: 512.343.0119

**VIA ECFS**

November 10, 2014

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

RE: *Connect America Fund*, WC Docket No. 10-90; *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42 – **Correction to FCC Form 481 – Brazos Telephone Cooperative, Inc.**

Dear Ms. Dortch:

Brazos Telephone Cooperative, Inc., (the Cooperative) Study Area Code 442065, revised an error on its FCC Form 481 (Line 600 - Functionality in Emergency Situations) reported in the FCC Form 481, filed at the Commission on July 1, 2014. The Cooperative is enclosing the cover letter and the FCC Form 481 previously filed at the FCC in accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422.

The corrected FCC Form 481 has also been refiled with the USAC and the Public Utility Commission of Texas.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Deborah K. Morgan". The signature is fluid and cursive.

Deborah K. Morgan  
Authorized Representative for  
Brazos Telephone Cooperative, Inc.

DKM/pfj

Enclosure

cc: Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau,  
Mr. Lonnie Rue, Brazos Telephone Cooperative, Inc.  
Mr. Ted Scobee, Brazos Telephone Cooperative, Inc.



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Austin, TX 78731-4280  
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REDACTED – FOR PUBLIC INSPECTION

VIA ECFS

July 1, 2014

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

RE: **REQUEST FOR CONFIDENTIAL TREATMENT** – *Connect America Fund*, WC Docket No. 10-90;  
*Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42

Request that Information Submitted to the Commission be Withheld from Public Inspection Pursuant to 47 C.F.R. §0.459 and 5 U.S.C. §552(b)(4): Five-Year Service Quality Improvement Plan included in FCC Form 481

Confidential Financial Information – Subject to Protective Order in WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Before the Federal Communications Commission

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Brazos Telephone Cooperative, Inc. (the Cooperative), Study Area Code 442041, is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket Nos. 10-90 and 11-42. The Cooperative, by its authorized representative, hereby requests confidential treatment of two attachments to its FCC Form 481: (1) the five-year service quality improvement plan and (2) the financial annual report, both of which were redacted in the ECFS submission. The request for confidential treatment of the five-year plan is being made pursuant to section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA). The request for confidential treatment of the financial annual report is being made pursuant to the FCC's November 16, 2012 *Protective Order* in WC Docket No. 10-90 *et al.* These attachments contain competitively sensitive data that Brazos Telephone Cooperative, Inc. maintains as confidential and does not normally make available to the public. Release of this information would have a substantial negative impact on the Cooperative.



Ms. Marlene Dortch  
July 1, 2014  
Page 2

**Five-Year Service Quality Improvement Plan**

Pursuant to section 0.459 of the Commission's rules and Exemption 4 of FOIA, Brazos Telephone Cooperative, Inc. requests that the text and data extracted from its five-year service quality improvement plan be withheld from public inspection because it contains competitively sensitive commercial and financial information that the Cooperative keeps confidential. Public availability of this information would have a substantial negative impact on the Cooperative.

In accordance with section 0.459 of the Commission's rules, the following information is provided in support of this request:

- (1) Identification of the specific information for which confidential treatment is sought:

Attachment to Line 112 of FCC Form 481 - Five-Year Service Quality Improvement Plan. Specifically, confidential treatment is sought for all information in the five-year plan related to the Cooperative's access line counts, existing broadband capabilities, and its network investment plans through 2019 that will improve service quality for its customers.

- (2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:

The information was submitted in WC Docket Nos. 10-90 and 11-42 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form. Section 100 of FCC Form 481 requires incumbent local exchange carriers receiving high cost support to attach a five-year service quality improvement plan, pursuant to 47 C.F.R. §§54.202(a)(1)(ii) and 54.313(a)(1).

- (3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:

The five-year service quality improvement plan contains granular information on the Cooperative's access line counts and existing broadband capabilities as well as detailed plans for financial investments in its network through 2019 to improve service to subscribers. This is closely guarded, privileged information that the Cooperative does not make publicly available.

- (4) Explanation of the degree to which the information concerns a service that is subject to competition:

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more wireless Internet service providers. Most RLECs also face competition from at least one other wireline broadband provider such as a larger cable company, who will typically seek to "cherry pick" the lower cost portions of the study area. In addition, all RLECs face competition throughout their territories from satellite broadband providers.



Ms. Marlene Dortch  
July 1, 2014  
Page 3

(5) Explanation of how disclosure of the information could result in substantial competitive harm:

Disclosure of the information contained in the five-year plan would provide competitors with detailed, granular information regarding the Cooperative's access line count, its existing broadband capabilities, and its strategic plans for network investments. This would give competitors invaluable confidential information with which to develop their own strategies for investing in the service area, thereby bringing substantial competitive harm to the Cooperative.

(6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The Cooperative has continually treated the extracted information in its five-year plan as confidential and carefully controls the information to protect it from competitors. Access to the information is limited to employees that require it and to non-employees with confidentiality obligations such as lenders, consultants, auditors, and attorneys. In addition, when such information is required to be submitted to a state regulatory authority it has been filed as confidential information, not available to the public.

(7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:

The redacted information in the five-year plan is not available to the public, and third party access is limited as described in (6) above.

(8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure:

The Cooperative requests that the extracted information be withheld from public inspection indefinitely. Although the information reflects the Cooperative's service improvement plans for a five year period, it would provide a very useful baseline for competitors for several years beyond that period.

(9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

**Financial Annual Report**

Section 3005 of FCC Form 481 requires a privately-held rate-of-return carrier receiving high cost support to attach a full and complete annual report of the Cooperative's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Brazos Telephone Cooperative, Inc. seeks confidential treatment of its financial annual report pursuant to the November 16, 2012 *Protective Order* in WC Docket No. 10-90, *et al.*<sup>1</sup> The *Protective Order* specifically covers information filed pursuant to 47 C.F.R. §54.313(f)(2).

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<sup>1</sup> *Connect America Fund et al.*, WC Docket No. 10-90 *et al.*, *Protective Order*, DA 12-1857 (rel. Nov. 16, 2012).





Ms. Marlene Dortch  
July 1, 2014  
Page 4

Brazos Telephone Cooperative, Inc. is providing to the Office of the Secretary, under seal, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

Each page of the five-year service quality improvement plan confidential submission bears the legend, "CONFIDENTIAL - NOT FOR PUBLIC DISCLOSURE."

Each page of the financial annual report confidential submission bears the legend, "CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

Two copies of the Form 481 filing in redacted form and an accompanying cover letter are also being provided with the confidential filing. Each page of the redacted filing and accompanying cover letter is marked "REDACTED - FOR PUBLIC INSPECTION."

Two copies of this cover letter and the Form 481 filing with the confidential information are also being delivered to Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau.

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as an attachment to the FCC Form 481.

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Deb Morgan". The signature is written in a cursive, flowing style.

Deb Morgan  
Authorized Representative for  
Brazos Telephone Cooperative, Inc.

DM/pjf

Enclosures

cc: Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau,  
Federal Communications Commission, (2 hardcopies of non-redacted submission)

Mr. Lonnie Rue, Brazos Telephone Cooperative, Inc.  
Mr. Ted Scobee, Brazos Telephone Cooperative, Inc.

|  |  |
|--|--|
| <b>ECF Form 481 - Carrier Annual Reporting</b><br>Data Collection Form | ECF Form 481<br>OMB Control No. 3060-0066/OMB Control No. 3060-0075<br>JULY 2005 |
|--|--|

|  |                       |
|--|-----------------------|
| <010> Study Area Code  | 442041                |
| <015> Study Area Name  | BRAZOS TEL COOP INC   |
| <020> Program Year   | 2015                  |
| <030> Contact Name: Person USAC should contact with questions about this data      | Ted Scobee            |
| <035> Contact Telephone Number: Number of the person identified in data line <030> | 9405647341 ext.       |
| <039> Contact Email Address: Email of the person identified in data line <030>     | tscobee@brazosnet.com |

| ANNUAL REPORTING FOR ALL CARRIERS   |   | Satisf.<br>Completion<br>Required   | Satisf.<br>Completion<br>Required   |
|---|---|-------------------------------------|-------------------------------------|
| (check box when complete)   |   |                                     |                                     |
| <100> Service Quality Improvement Reporting   | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <200> Outage Reporting (voice)  | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <210> <input checked="" type="checkbox"/> <-- check box if no outages to report                     |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <300> Unfulfilled Service Requests (voice)  | 0   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <310> Detail on Attempts (voice)  |   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
|   | (attach descriptive document)             |                                     |                                     |
| <320> Unfulfilled Service Requests (broadband)  | 0   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <330> Detail on Attempts (broadband)  |   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
|   | (attach descriptive document)             |                                     |                                     |
| <400> Number of Complaints per 1,000 customers (voice)  |   |                                     |                                     |
| <410> Fixed   | 0.0                                       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <420> Mobile  | 0.0                                       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <430> Number of Complaints per 1,000 customers (broadband)  |   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <440> Fixed   | 0.0                                       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <450> Mobile  | 0.0                                       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <500> Service Quality Standards & Consumer Protection Rules Compliance                              | (check to indicate certification)         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <510> <div style="border: 1px solid black; padding: 5px; min-height: 40px;">442041tx510.pdf</div>   | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <600> Functionality in Emergency Situations   | (check to indicate certification)         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <610> <div style="border: 1px solid black; padding: 5px; min-height: 40px;">442041tx610.pdf</div>   | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <700> Company Price Offerings (voice)   | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <710> Company Price Offerings (broadband)   | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <800> Operating Companies and Affiliates  | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>           | (if yes, complete attached worksheet)     | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <1000> Voice Services Rate Comparability  | (check to indicate certification)         | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <1010> <div style="border: 1px solid black; padding: 5px; min-height: 40px;">442041tx1010.pdf</div> | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <1100> Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/>           | (if not, check to indicate certification) | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <1110>  | (complete attached worksheet)             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <1200> Terms and Condition for Lifeline Customers   | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

|        |                                   |                          |                                     |
|--------|-----------------------------------|--------------------------|-------------------------------------|
| <2000> | (check to indicate certification) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <2005> | (complete attached worksheet)     | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

**Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet**

|        |                                   |                                     |                                     |
|--------|-----------------------------------|-------------------------------------|-------------------------------------|
| <3000> | (check to indicate certification) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <3005> | (complete attached worksheet)     | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |



**(100) Service Quality Improvement Reporting  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code 442041

<015> Study Area Name BRAZOS TEL COOP INC

<020> Program Year 2015

<030> Contact Name - Person USAC should contact regarding this data Ted Scobee

<035> Contact Telephone Number - Number of person identified in data line <030> 9405647341 ext.

<039> Contact Email Address - Email Address of person identified in data line <030> tscobee@brazosnet.com

<110> Has your company received its ETC certification from the FCC? (yes / no) ☐ ☒

If your answer to Line <110> is yes, do you have an existing § 54.202(a) "5

<111> year plan" filed with the FCC? (yes / no) ☐ ☐

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

442041tx112.pdf

Name of Attached Document

Please check these boxes below to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113> Maps detailing progress towards meeting plan targets

<114> Report how much universal service (USF) support was received

<115> How (USF) was used to improve service quality

<116> How (USF) was used to improve service coverage

<117> How (USF) was used to improve service capacity

<118> Provide an explanation of network improvement targets not met in the prior calendar year.

|  |
|--|
|  |
|  |
|  |
|  |
|  |
|  |

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

|       |   |                       |
|-------|---|-----------------------|
| <010> | Study Area Code   | 442041                |
| <015> | Study Area Name   | BRAZOS TEL COOP INC   |
| <020> | Program Year  | 2015                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Ted Scobee            |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 9405647341 ext.       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | tscobee@brazosnet.com |

|       |     |      |      |      |      |      |      |     |     |     |     |     |
|-------|-----|------|------|------|------|------|------|-----|-----|-----|-----|-----|
| <220> | <a> | <b1> | <b2> | <b3> | <b4> | <c1> | <c2> | <d> | <e> | <f> | <g> | <h> |
|-------|-----|------|------|------|------|------|------|-----|-----|-----|-----|-----|

[illegible]



|       |   |                       |
|-------|---|-----------------------|
| <010> | Study Area Code   | 442041                |
| <015> | Study Area Name   | BRAZOS TEL COOP INC   |
| <020> | Program Year  | 2015                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Ted Scobee            |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 9405647341 ext.       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | tscoobe@brazosnet.com |

|       |  |          |
|-------|--|----------|
| <701> | Residential Local Service Charge Effective Date    | 1/1/2014 |
| <702> | Single State-wide Residential Local Service Charge |          |

[illegible]

|   |   |   |
|---|---|---|
| (740) Brazosnet, LLC d/b/a<br>Data Collection Corp. |   | 442041<br>CMB Control No. 44041884 (OMB 3206-0047)<br>July 2015 |
| <010>   | Study Area Code   | 442041  |
| <015>   | Study Area Name   | BRAZOS TEL COOP INC   |
| <020>   | Program Year  | 2015  |
| <030>   | Contact Name - Person USAC should contact regarding this data                 | Ted Scobee  |
| <035>   | Contact Telephone Number - Number of person identified in data line <030>     | 9405647341 ext.   |
| <039>   | Contact Email Address - Email Address of person identified in data line <030> | tscobee@brazosnet.com   |

[illegible]



## (800) Operating Companies

## Data Collection Form

#EC-100-1811

01/21/2018 01:10 PM 3050-0086/012-00000000 00000000

4914161-3

|       |   |                       |
|-------|---|-----------------------|
| <010> | Study Area Code   | 442041                |
| <015> | Study Area Name   | BRAZOS TEL COOP INC   |
| <020> | Program Year  | 2015                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Ted Scobee            |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 9405647341 ext.       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | tscoobe@brazosnet.com |

<810> Reporting Carrier Brazos Telephone Cooperative, Inc.

<811> Holding Company

<812> Operating Company      Brazos Telephone Cooperative, Inc.

<813>

## Affiliates

**SAC**

### Doing Business As Company or Brand Designation

(900) Tribal Lands Reporting  
 Data Collection Form

EEO Form 81  
 OMB Control No. 3045-0047/0012 Control No. 3045-0047  
 July 2003

|       |   |                       |
|-------|---|-----------------------|
| <010> | Study Area Code   | 442041                |
| <015> | Study Area Name   | BRAZOS TEL COOP INC   |
| <020> | Program Year  | 2015                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Ted Scobee            |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 9405647341 ext.       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | tscoobe@brazosnet.com |

<910> Tribal Land(s) on which ETC Serves

\_\_\_\_\_

<920> Tribal Government Engagement Obligation

\_\_\_\_\_

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

| Select<br>(Yes,No,<br>NA) |
|---------------------------|
|                           |
|                           |
|                           |
|                           |
|                           |
|                           |



(1100) No Terrestrial Backhaul Reporting  
Data Collection Form

Form 400

OMB Control No. 3045-0047 Date of this version: July 2013

July 2013

|       |   |                       |
|-------|---|-----------------------|
| <010> | Study Area Code   | 442041                |
| <015> | Study Area Name   | BRAZOS TEL COOP INC   |
| <020> | Program Year  | 2015                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Ted Scobee            |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 9405647341 ext.       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | tscobee@brazosnet.com |

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G) ☐

## (1200) Terms and Conditions for Lifeline Customers

Lifeline  
Data Collection Form

OMB Form 485

OMB Control No. 3060-0089/Rev. 05-10-10 File 0719

July 2013

|       |   |                       |
|-------|---|-----------------------|
| <010> | Study Area Code   | 442041                |
| <015> | Study Area Name   | BRAZOS TEL COOP INC   |
| <020> | Program Year  | 2015                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Ted Scobee            |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 9405647341 ext.       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | tscobee@brazosnet.com |

&lt;1210&gt; Terms &amp; Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

&lt;1220&gt; Link to Public Website

HTTP [www.brazosnet.com/telephone](http://www.brazosnet.com/telephone)

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

&lt;1221&gt; Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,



&lt;1222&gt; Details on the number of minutes provided as part of the plan,



&lt;1223&gt; Additional charges for toll calls, and rates for each such plan.





**(2000) Price Cap Carrier Additional Documentation**

Data Collection Form

Including Rate of Return carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 431

OMB Control No. 3150-9167 Civil Rights NO. 3341, 3349

July 2013

|       |   |                       |
|-------|---|-----------------------|
| <010> | Study Area Code   | 442041                |
| <015> | Study Area Name   | BRAZOS TEL COOP INC   |
| <020> | Program Year  | 2015                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Ted Scobee            |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 9405647341 ext.       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | tscobee@brazosnet.com |

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

|        |  |                          |
|--------|--|--------------------------|
| <2010> | 2nd Year Certification (47 CFR § 54.313(b)(1)) | <input type="checkbox"/> |
| <2011> | 3rd Year Certification (47 CFR § 54.313(b)(2)) | <input type="checkbox"/> |

**Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))**

|        |  |                          |
|--------|--|--------------------------|
| <2012> | 2013 Frozen Support Certification            | <input type="checkbox"/> |
| <2013> | 2014 Frozen Support Certification            | <input type="checkbox"/> |
| <2014> | 2015 Frozen Support Certification            | <input type="checkbox"/> |
| <2015> | 2016 and future Frozen Support Certification | <input type="checkbox"/> |

**Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))**

|        |   |                          |
|--------|---|--------------------------|
| <2016> | Certification Support Used to Build Broadband | <input type="checkbox"/> |
|--------|---|--------------------------|

**Connect America Phase II Reporting (47 CFR § 54.313(e))**

|        |   |                          |
|--------|---|--------------------------|
| <2017> | 3rd year Broadband Service Certification  | <input type="checkbox"/> |
| <2018> | 5th year Broadband Service Certification  | <input type="checkbox"/> |
| <2019> | Interim Progress Certification  | <input type="checkbox"/> |
| <2020> | Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. | <input type="checkbox"/> |

|        |  |  |
|--------|--|--|
| <2021> | Interim Progress Community Anchor Institutions |  |
|--------|--|--|

Name of Attached Document Listing Required Information

(3000) Rate of Return on Capital Assets Documentation  
 Data Collection Form

Form 381  
 OMB Control No. 1550-0046/OMB Exp. Date: 10/31/2019  
 July 2013

|       |   |                       |
|-------|---|-----------------------|
| <010> | Study Area Code   | 442041                |
| <015> | Study Area Name   | BRAZOS TEL COOP INC   |
| <020> | Program Year  | 2015                  |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Ted Scobee            |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 9405647341 ext.       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | tscoobe@brazosnet.com |

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3010) Progress Report on 5 Year Plan  
Milestone Certification {47 CFR § 54.313(f)(1)(i)}

| Name of Attached Document   | Listing Required Information                 |
|-----------------------------|--|
| 1. <u>Letter of Intent</u>  | a. <u>Project Description</u>                |
| 2. <u>Letter of Intent</u>  | b. <u>Project Location</u>                   |
| 3. <u>Letter of Intent</u>  | c. <u>Project Schedule</u>                   |
| 4. <u>Letter of Intent</u>  | d. <u>Project Budget</u>                     |
| 5. <u>Letter of Intent</u>  | e. <u>Project Impact</u>                     |
| 6. <u>Letter of Intent</u>  | f. <u>Project Risks</u>                      |
| 7. <u>Letter of Intent</u>  | g. <u>Project Benefits</u>                   |
| 8. <u>Letter of Intent</u>  | h. <u>Project Conclusion</u>                 |
| 9. <u>Letter of Intent</u>  | i. <u>Project Appendix</u>                   |
| 10. <u>Letter of Intent</u> | j. <u>Project Summary</u>                    |
| 11. <u>Letter of Intent</u> | k. <u>Project Acknowledgments</u>            |
| 12. <u>Letter of Intent</u> | l. <u>Project References</u>                 |
| 13. <u>Letter of Intent</u> | m. <u>Project Contact Information</u>        |
| 14. <u>Letter of Intent</u> | n. <u>Project Signatures</u>                 |
| 15. <u>Letter of Intent</u> | o. <u>Project Date</u>                       |
| 16. <u>Letter of Intent</u> | p. <u>Project Page Number</u>                |
| 17. <u>Letter of Intent</u> | q. <u>Project Page Count</u>                 |
| 18. <u>Letter of Intent</u> | r. <u>Project Page Size</u>                  |
| 19. <u>Letter of Intent</u> | s. <u>Project Page Orientation</u>           |
| 20. <u>Letter of Intent</u> | t. <u>Project Page Margins</u>               |
| 21. <u>Letter of Intent</u> | u. <u>Project Page Numbering</u>             |
| 22. <u>Letter of Intent</u> | v. <u>Project Page Headers</u>               |
| 23. <u>Letter of Intent</u> | w. <u>Project Page Footers</u>               |
| 24. <u>Letter of Intent</u> | x. <u>Project Page Content</u>               |
| 25. <u>Letter of Intent</u> | y. <u>Project Page Images</u>                |
| 26. <u>Letter of Intent</u> | z. <u>Project Page Tables</u>                |
| 27. <u>Letter of Intent</u> | aa. <u>Project Page Figures</u>              |
| 28. <u>Letter of Intent</u> | ab. <u>Project Page Equations</u>            |
| 29. <u>Letter of Intent</u> | ac. <u>Project Page References</u>           |
| 30. <u>Letter of Intent</u> | ad. <u>Project Page Acknowledgments</u>      |
| 31. <u>Letter of Intent</u> | ae. <u>Project Page Signatures</u>           |
| 32. <u>Letter of Intent</u> | af. <u>Project Page Date</u>                 |
| 33. <u>Letter of Intent</u> | ag. <u>Project Page Page Number</u>          |
| 34. <u>Letter of Intent</u> | ah. <u>Project Page Page Count</u>           |
| 35. <u>Letter of Intent</u> | ai. <u>Project Page Page Size</u>            |
| 36. <u>Letter of Intent</u> | aj. <u>Project Page Page Orientation</u>     |
| 37. <u>Letter of Intent</u> | ak. <u>Project Page Page Margins</u>         |
| 38. <u>Letter of Intent</u> | al. <u>Project Page Page Numbering</u>       |
| 39. <u>Letter of Intent</u> | am. <u>Project Page Page Headers</u>         |
| 40. <u>Letter of Intent</u> | an. <u>Project Page Page Footers</u>         |
| 41. <u>Letter of Intent</u> | ao. <u>Project Page Page Content</u>         |
| 42. <u>Letter of Intent</u> | ap. <u>Project Page Page Images</u>          |
| 43. <u>Letter of Intent</u> | aq. <u>Project Page Page Tables</u>          |
| 44. <u>Letter of Intent</u> | ar. <u>Project Page Page Figures</u>         |
| 45. <u>Letter of Intent</u> | as. <u>Project Page Page Equations</u>       |
| 46. <u>Letter of Intent</u> | at. <u>Project Page Page References</u>      |
| 47. <u>Letter of Intent</u> | au. <u>Project Page Page Acknowledgments</u> |
| 48. <u>Letter of Intent</u> | av. <u>Project Page Page Signatures</u>      |
| 49. <u>Letter of Intent</u> | aw. <u>Project Page Page Date</u>            |
| 50. <u>Letter of Intent</u> | ax. <u>Project Page Page Page Number</u>     |
| 51. <u>Letter of Intent</u> | ay. <u>Project Page Page Page Count</u>      |
|                             |  |

(3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))

(Yes/No)

(3014) If yes, does your company file the RUS annual report

(Yes/No)

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

**{3017}** If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

(3018) if the response is no on line 3014, Is your company audited?

(Yes/No)

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit.

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,

(3023) Underlying information subjected to a review by an independent certified public accountant

(3024) Underlying information subjected to an officer certification.

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

442041tx3026.pdf

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information



|   |   |
|---|---|
| Certification Reporting Carrier<br>Data Collection Form | SEC Form 18<br>OMB Control No. 3301-0046/OMB Control No. 2008-0019<br>10-2008 |
|---|---|

|   |                       |
|---|-----------------------|
| <010> Study Area Code   | 442041                |
| <015> Study Area Name   | BRAZOS TEL COOP INC   |
| <020> Program Year  | 2015                  |
| <030> Contact Name - Person USAC should contact regarding this data                 | Ted Scobee            |
| <035> Contact Telephone Number - Number of person identified in data line <030>     | 9405647341 ext.       |
| <039> Contact Email Address - Email Address of person identified in data line <030> | tscobee@brazosnet.com |

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

|   |                                |
|---|--------------------------------|
| <b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>   |                                |
| I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate. |                                |
| Name of Reporting Carrier:  |                                |
| Signature of Authorized Officer:  | Date                           |
| Printed name of Authorized Officer:   |                                |
| Title or position of Authorized Officer:  |                                |
| Telephone number of Authorized Officer: ext.  |                                |
| Study Area Code of Reporting Carrier:   | Filing Due Date for this form: |
| Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.  |                                |

|  |   |
|--|---|
| OMB Form 3500-001-0101<br>OMB Form 3500-001-0101 | FCC Form 481<br>OMB Form 3500-001-0101<br>July 2014 |
|--|---|

|   |                       |
|---|-----------------------|
| <010> Study Area Code   | 442041                |
| <015> Study Area Name   | BRAZOS TEL COOP INC   |
| <020> Program Year  | 2015                  |
| <030> Contact Name - Person USAC should contact regarding this data                 | Ted Scobee            |
| <035> Contact Telephone Number - Number of person identified in data line <030>     | 9405647341 ext.       |
| <039> Contact Email Address - Email Address of person identified in data line <030> | tscobee@brazosnet.com |

**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

| Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier  |  |
|--|--|
| I certify that (Name of Agent) <u>Deb Morgan</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate. |  |
| Name of Authorized Agent:  | Deb Morgan                                       |
| Name of Reporting Carrier:   | BRAZOS TEL COOP INC                              |
| Signature of Authorized Officer:   | CERTIFIED ONLINE Date: 11/06/2014                |
| Printed name of Authorized Officer:  | Lonnie Rue                                       |
| Title or position of Authorized Officer:   | CEO  |
| Telephone number of Authorized Officer:  | 9405645659 ext. 7340                             |
| Study Area Code of Reporting Carrier:  | 442041 Filing Due Date for this form: 07/01/2014 |
| Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.   |  |

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

| Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier   |  |
|--|--|
| I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate. |  |
| Name of Reporting Carrier:   | BRAZOS TEL COOP INC                              |
| Name of Authorized Agent or Employee of Agent:   | Deb Morgan                                       |
| Signature of Authorized Agent or Employee of Agent:  | CERTIFIED ONLINE Date: 11/06/2014                |
| Printed name of Authorized Agent or Employee of Agent:   | Deb Morgan                                       |
| Title or position of Authorized Agent or Employee of Agent:  | Manager Business Compliance                      |
| Telephone number of Authorized Agent or Employee of Agent:   | 5126527705 ext.                                  |
| Study Area Code of Reporting Carrier:  | 442041 Filing Due Date for this form: 07/01/2014 |
| Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.   |  |



## Attachments

(700) Price Offerings Including Voice Rate Data  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

|       |   |                         |
|-------|---|-------------------------|
| <010> | Study Area Code   | 142211                  |
| <015> | Study Area Name   | BPACOS TEL COOP INC     |
| <020> | Program Year  | 2015                    |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Tom Becker              |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 9405447341 ext.         |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | tombecker@brazosnet.com |

<701> Residential Local Service Charge Effective Date  
<702> Single State-wide Residential Local Service Charge

1/1/2014

<703>

[illegible]



|   |  |
|---|--|
| (710) Broadband Price Offerings<br>Data Collection Form | FCC Form 481<br>OMB Control No. 3060-0986/OMB Control No. 3060-0819<br>July 2013 |
|---|--|

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

|       |   |                         |
|-------|---|-------------------------|
| <010> | Study Area Code   | 442041                  |
| <015> | Study Area Name   | BRAZOS TET COOP INC     |
| <020> | Program Year  | 2015                    |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Ted Stobbs              |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 540547541 ext           |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | tedstobbs@brazosnet.com |

[illegible]

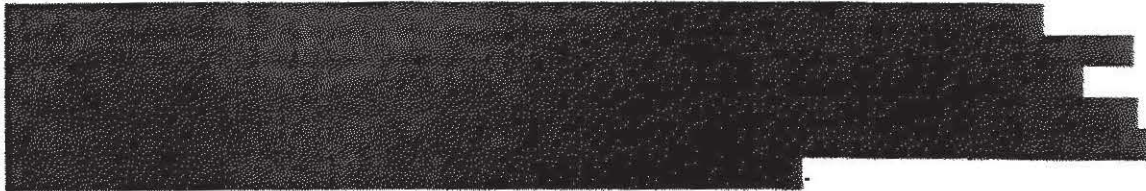
# **LINE 112 - FIVE-YEAR SERVICE QUALITY IMPROVEMENT PLAN**

Following is the initial five-year service quality improvement plan for Valliant Telephone Company, Inc. ("Valliant" or "the Company") pursuant to 47 C.F.R. § 54.202(a)(1)(ii) that requires an eligible telecommunications carrier (ETC) to describe proposed improvements or upgrades to the ETC's network throughout its service area. The *USF/ICC Transformation Order* establishes a public interest obligation for rate-of-return ETCs to provide broadband service at speeds of at least 4 Mbps downstream and 1 Mbps upstream (4:1) "upon reasonable request." A service quality improvement plan cannot project where in the service area reasonable requests will be made. However, the proposed network expenditures in this plan ensure the continuation of high-quality voice and broadband services within the Company's service territory.

Although this plan is a good faith effort by the Company, it is subject to change, given the uncertainty faced by ETCs regarding whether capital investments will be recoverable over the five year planning horizon. Factors that may affect the capital improvements plan include erosion of the customer base due to competition, alternative technologies, economic conditions in the service area, and unpredictable changes in the universal service support amounts an ETC receives.

Valliant owns and operates three exchanges serving subscribers in the southeastern Oklahoma. The service area includes portions of Chocktaw, McCurtain, and Pushmataha counties. The Company's service area covers approximately 222 square miles.

## **Baseline Network Description**



*Table 1 - Current Broadband Capabilities*

| Exchange Name | Total Square Miles | Total Existing Access Lines | Estimated Total Population Served | Broadband Capable Lines | Estimated Broadband Capable Population | % Broadband Capable |
|---------------|--------------------|-----------------------------|-----------------------------------|-------------------------|--|---------------------|
|               |                    |                             |                                   |                         |  |                     |
|               |                    |                             |                                   |                         |  |                     |
|               |                    |                             |                                   |                         |  |                     |
|               |                    |                             |                                   |                         |  |                     |
|               |                    |                             |                                   |                         |  |                     |
|               |                    |                             |                                   |                         |  |                     |
|               |                    |                             |                                   |                         |  |                     |



### 2014 – 2019 Service Quality Improvement Plan

Table 2 provides Valliant’s intended service quality improvements and associated capital expenditures for 2014 – 2019, by exchange, along with estimates of the population that will be served by the improvements.

*Table 2 – Service Quality Improvement Plan*

| Exchange   | Description of Improvement | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       | Estimated Population Served by Improvements |
|------------|----------------------------|------------|------------|------------|------------|------------|------------|---|
| [REDACTED] | [REDACTED]                 | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED]                                  |
| [REDACTED] | [REDACTED]                 | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED]                                  |
| [REDACTED] | [REDACTED]                 | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED]                                  |
| [REDACTED] | [REDACTED]                 | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED]                                  |

**Narrative Description: 2014 - 2019**

[REDACTED]

[REDACTED]

[REDACTED]



## **LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE**

Brazos Telephone Cooperative, Inc. complies with applicable service quality standards and consumer protection rules as required by the state regulatory commission and the Federal Communications Commission.

The rates, terms, and conditions under which the Cooperative operates are outlined in its Local Exchange Tariff, which is approved by the state commission. The Cooperative's tariff contains provisions regarding its customer service and protection practices, including resolving disputes with the Cooperative, applying for service, the classification of business and residential rates, deposits, billing and payment for service, refusal, disconnection and cancellation of service. The tariff is available for customer review in the Business Office, as requested. Rates and terms of service are disclosed to customers upon application for service both verbally and in writing as part of a packet of information for new customers. Rates, applications and certain terms of service are also available on the Cooperative's website.

Service quality standards are established by the state commission and the Cooperative consistently meets or exceeds the standards and provides reports to the state commission, in accordance with the state commission's rules.

The protection of customers' privacy and information is of utmost importance and the Cooperative has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Cooperative's compliance with CPNI rules and a description of the Cooperative's operating procedures that ensure compliance are filed at the FCC annually.

## **LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS**

Brazos Telephone Cooperative, Inc. is able to function in emergency situations. The Cooperative has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Cooperative is able to reroute traffic around damaged facilities. Although the Cooperative's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.



## LINE 1010 - VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's most recent reasonable comparability benchmark for voice services is \$46.96, which includes the federal subscriber line charge ("SLC").<sup>1</sup>

In the exchanges served by Brazos Telephone Cooperative, Inc. ("the Cooperative"), the highest single-line residential local rate, including any mandatory extended area service charge, is \$22.43. When the federal SLC (\$6.50) and the state universal service fee (\$.83) are included, the rate becomes \$29.76. Therefore, the Cooperative's pricing of fixed voice services is less than the reasonable comparability benchmark of \$46.96.

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<sup>1</sup> *Wireline Competition Bureau Announces Results of Urban Rate Survey for Voice Services; Seeks Comment on Petition for Extension of Time to Comply With New Rate Floor*, WC Docket No. 10-90, DA 14-384 (rel. Mar. 20, 2014), p. 2.

---

**Independent Auditor's Report**

The Board of Directors  
Brazos Telephone Cooperative, Inc.  
Olney, Texas

We have audited the accompanying consolidated financial statements of Brazos Telephone Cooperative, Inc., which comprise the balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brazos Telephone Cooperative, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



***Change in Accounting Principle***

As discussed in Note 12 to the financial statements, management has elected to change its policy for accounting for the investment in cellular entities in 2013. Our opinion is not modified with respect to that matter.

*Curtis Blahely & Co., P.C.*  
Longview, Texas

April 4, 2014

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31**

| <b>Assets</b>                               |             |             |
|---|-------------|-------------|
|   | <u>2013</u> | <u>2012</u> |
| <b>Current Assets:</b>                      |             |             |
| Cash and cash equivalents                   | \$          |             |
| Temporary investments                       |             |             |
| Accounts receivable                         |             |             |
| Accrued unbilled revenue                    |             |             |
| Materials and supplies                      |             |             |
| Prepaid income taxes                        |             |             |
| Other prepayments                           |             |             |
| Deferred income taxes                       |             |             |
| <b>Total Current Assets</b>                 |             |             |
| <b>Property, Plant, and Equipment:</b>      |             |             |
| Plant in service                            |             |             |
| Plant under construction                    |             |             |
| <b>Total Property, Plant, and Equipment</b> |             |             |
| <b>Less: Accumulated depreciation</b>       |             |             |
| <b>Net Property, Plant, and Equipment</b>   |             |             |
| <b>Investments and Other Assets:</b>        |             |             |
| Investment in cellular entities             |             |             |
| Other Investments                           |             |             |
| Deferred charges                            |             |             |
| <b>Total Investments and Other Assets</b>   |             |             |
| <b>Total Assets</b>                         | \$          |             |

(The accompanying notes are an integral part of these consolidated financial statements.)

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31**

| <b>Liabilities and Equities</b>                     |             |
|---|-------------|
|   | <u>2013</u> |
|   | <u>2012</u> |
| <b>Current Liabilities:</b>                         |             |
| Current maturities of long-term debt                | \$          |
| Accounts payable                                    |             |
| Accrued income taxes                                |             |
| Accrued taxes                                       |             |
| Accrued interest                                    |             |
| Accrued compensated absences                        |             |
| Other accrued liabilities                           |             |
| Customer deposits                                   |             |
| <b>Total Current Liabilities</b>                    |             |
| <b>Long-Term Debt, Less Current Maturities:</b>     |             |
| CoBank mortgage notes                               |             |
| <b>Other Liabilities and Deferred Credits:</b>      |             |
| Deferred income taxes                               |             |
| Accrued postretirement benefits                     |             |
| <b>Total Other Liabilities and Deferred Credits</b> |             |
| <b>Members' Equities:</b>                           |             |
| Memberships   |             |
| Patronage capital assigned                          |             |
| Patronage capital assignable                        |             |
| Accumulated other comprehensive income:             |             |
| Unrecognized postretirement benefit costs           |             |
| <b>Total Equities</b>                               |             |
| <b>Total Liabilities and Equities</b>               | \$          |

(The accompanying notes are an integral part of these consolidated financial statements.)



**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
For the Years Ended December 31

|   | <u>2013</u> | <u>2012</u> |
|---|-------------|-------------|
| <b>Operating Revenues:</b>                |             |             |
| Local network services                    | \$          |             |
| Network access services                   |             |             |
| Long distance network services            |             |             |
| Internet revenue                          |             |             |
| Miscellaneous                             |             |             |
| Less: Uncollectible recoveries (revenues) |             |             |
| Total Operating Revenues                  |             |             |
| <b>Operating Expenses:</b>                |             |             |
| Plant specific operations                 |             |             |
| Plant nonspecific operations              |             |             |
| Depreciation and amortization             |             |             |
| Customer operations                       |             |             |
| Corporate operations                      |             |             |
| Long distance expenses                    |             |             |
| Internet expenses                         |             |             |
| Other operating expenses                  |             |             |
| Total Operating Expenses                  |             |             |
| <b>Operating Taxes:</b>                   |             |             |
| Income taxes                              |             |             |
| Other operating taxes                     |             |             |
| Total Operating Taxes                     |             |             |
| <b>Operating Margin</b>                   |             |             |
| <b>Nonoperating Margin:</b>               |             |             |
| Interest and dividend income              |             |             |
| Cellular entities' distributions          |             |             |
| Other nonoperating expense                |             |             |
| Income taxes                              |             |             |
| Total Nonoperating Margin                 |             |             |
| <b>Margin Before Interest Charges</b>     |             |             |
| <b>Interest Charges:</b>                  |             |             |
| Interest expense                          |             |             |
| Capitalized interest                      |             |             |
| Total Interest Charges                    |             |             |
| <b>Net Margin</b>                         | \$          |             |

(The accompanying notes are an integral part of these consolidated financial statements.)

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Years Ended December 31**

|   | <u>2013</u> | <u>2012</u> |
|---|-------------|-------------|
| Net Margin  | \$          |             |
| Other Comprehensive Income:                         |             |             |
| Postretirement health plan benefits:                |             |             |
| Actuarial gain (loss) arising                       |             |             |
| Reclassification of prior year comprehensive income |             |             |
| amounts included in current year net income         |             |             |
| Comprehensive Income                                | \$          |             |

(The accompanying notes are an integral part of these consolidated financial statements.)



**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY**  
**For the Years Ended December 31**

|  | <u>Memberships</u> | <u>Patronage<br/>Capital<br/>Assignable</u> | <u>Patronage<br/>Capital<br/>Assigned</u> | <u>Accumulated<br/>Other<br/>Comprehensive<br/>Income</u> | <u>Total</u> |
|--|--------------------|---|---|---|--------------|
| Balance, January 1, 2012<br>as Previously Reported                     | \$                 |   |   |   |              |
| Prior Period Adjustment, Change in<br>Accounting Principle             |                    |   |   |   |              |
| Balance, January 1, 2012 as Restated                                   |                    |   |   |   |              |
| Patronage Capital Assigned   |                    |   |   |   |              |
| Net Margin   |                    |   |   |   |              |
| Actuarial Gain (Loss) Arising  |                    |   |   |   |              |
| Amounts Reclassified From Accumulated<br>Other Comprehensive Income    |                    |   |   |   |              |
| Memberships Refunded   |                    |   |   |   |              |
| Retirements  |                    |   |   |   |              |
| Balance, December 31, 2012   |                    |   |   |   |              |
| Patronage Capital Assigned   |                    |   |   |   |              |
| Net Margin   |                    |   |   |   |              |
| Actuarial Gain (Loss) Arising  |                    |   |   |   |              |
| Amounts Reclassified From<br>Accumulated Other<br>Comprehensive Income |                    |   |   |   |              |
| Memberships Refunded   |                    |   |   |   |              |
| Retirements  |                    |   |   |   |              |
| Balance, December 31, 2013   | \$                 |   |   |   |              |

(The accompanying notes are an integral part of these consolidated financial statements.)



**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31**

|   | <u>2013</u> | <u>2012</u> |
|---|-------------|-------------|
| <b>Cash Flows from Operating Activities:</b>                                      |             |             |
| Net margin  | \$          |             |
| Adjustments to reconcile net margin to net cash provided by operating activities: |             |             |
| Depreciation and amortization   |             |             |
| Patronage capital certificates received   |             |             |
| Loss on disposal of equipment   |             |             |
| Change in assets and liabilities:   |             |             |
| Accounts receivable   |             |             |
| Prepaids and deferred charges   |             |             |
| Deferred tax assets   |             |             |
| Accounts payable and accruals   |             |             |
| Deferred tax liabilities and deferred credits                                     |             |             |
| Total Adjustments   |             |             |
| <b>Net Cash Provided by Operating Activities</b>                                  |             |             |
| <b>Cash Flows from Investing Activities:</b>                                      |             |             |
| Capital expenditures  |             |             |
| Proceeds from sales of assets   |             |             |
| Change in temporary investments   |             |             |
| <b>Net Cash Provided by (Used in) Investing Activities</b>                        |             |             |
| <b>Cash Flows from Financing Activities:</b>                                      |             |             |
| Payments of long-term debt  |             |             |
| Proceeds from cushion of credit   |             |             |
| Memberships refunded  |             |             |
| Patronage capital retired   |             |             |
| <b>Net Cash Used in Financing Activities</b>                                      |             |             |
| <b>Net Increase in Cash and Cash Equivalents</b>                                  |             |             |
| <b>Cash and Cash Equivalents at Beginning of Year</b>                             |             |             |
| <b>Cash and Cash Equivalents at End of Year</b>                                   | \$          |             |

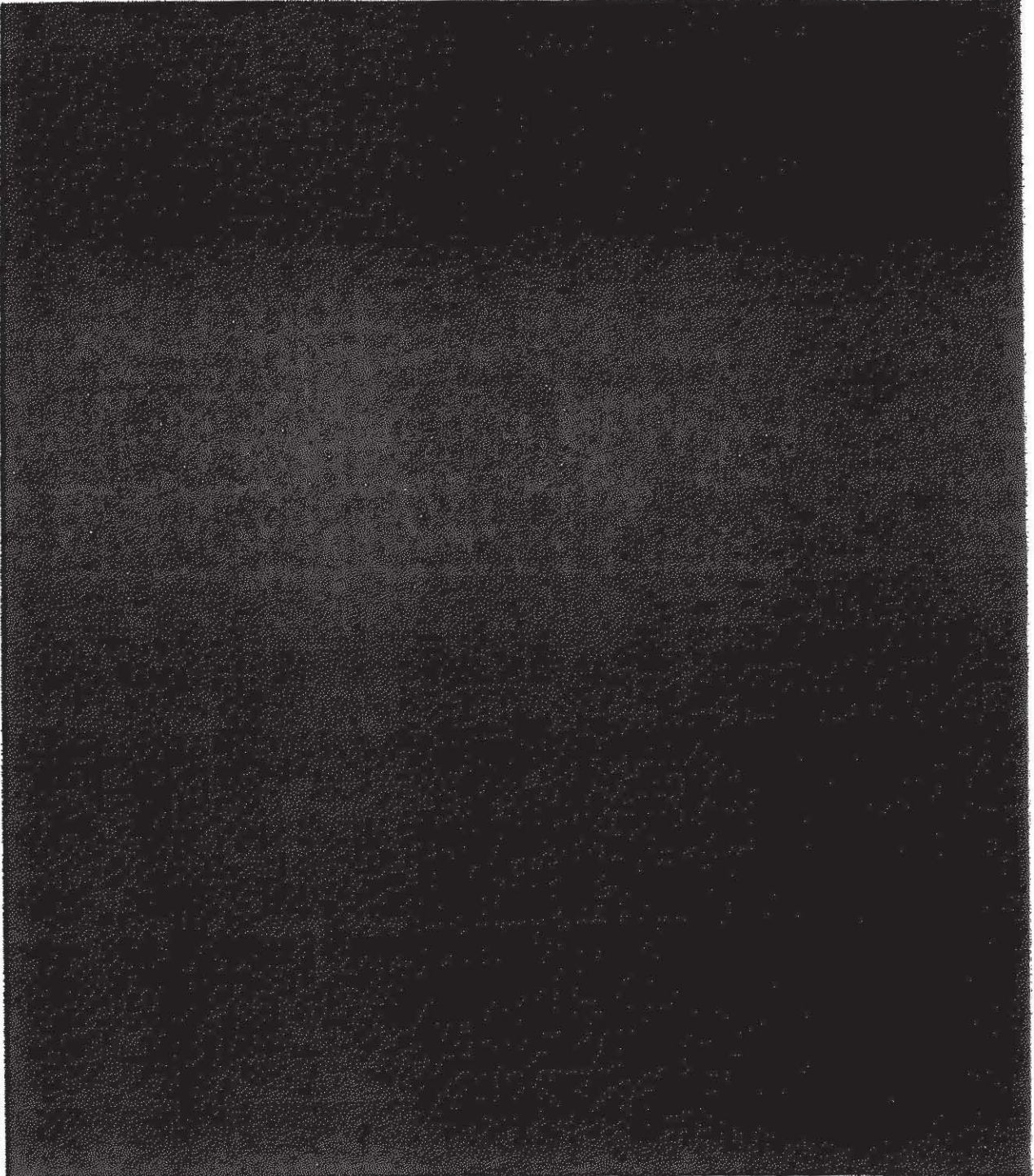
(The accompanying notes are an integral part of these consolidated financial statements.)



**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**

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**Note 1 – Summary of Significant Accounting Policies:**

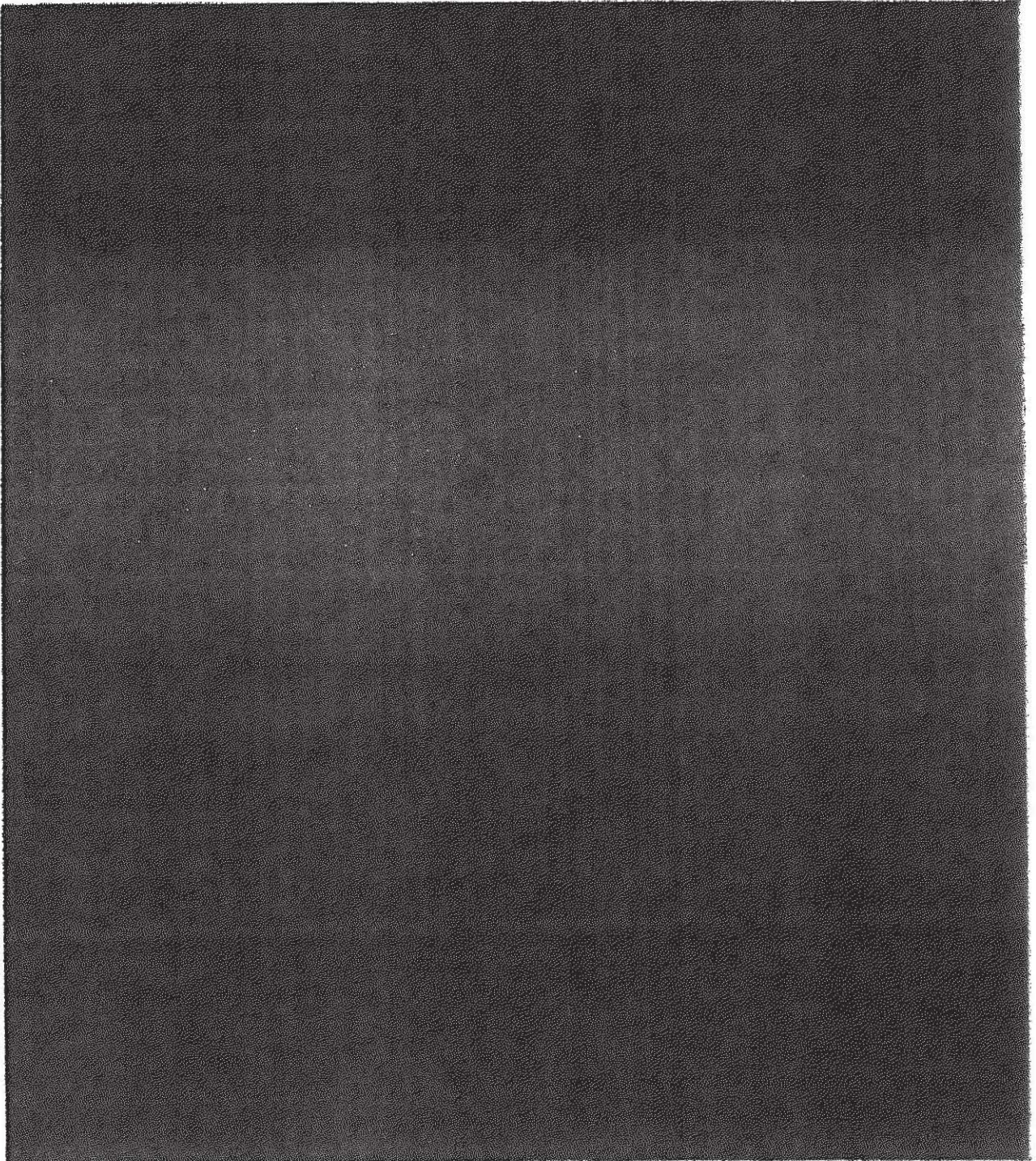




**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**

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**Note 1 – Summary of Significant Accounting Policies: (continued)**

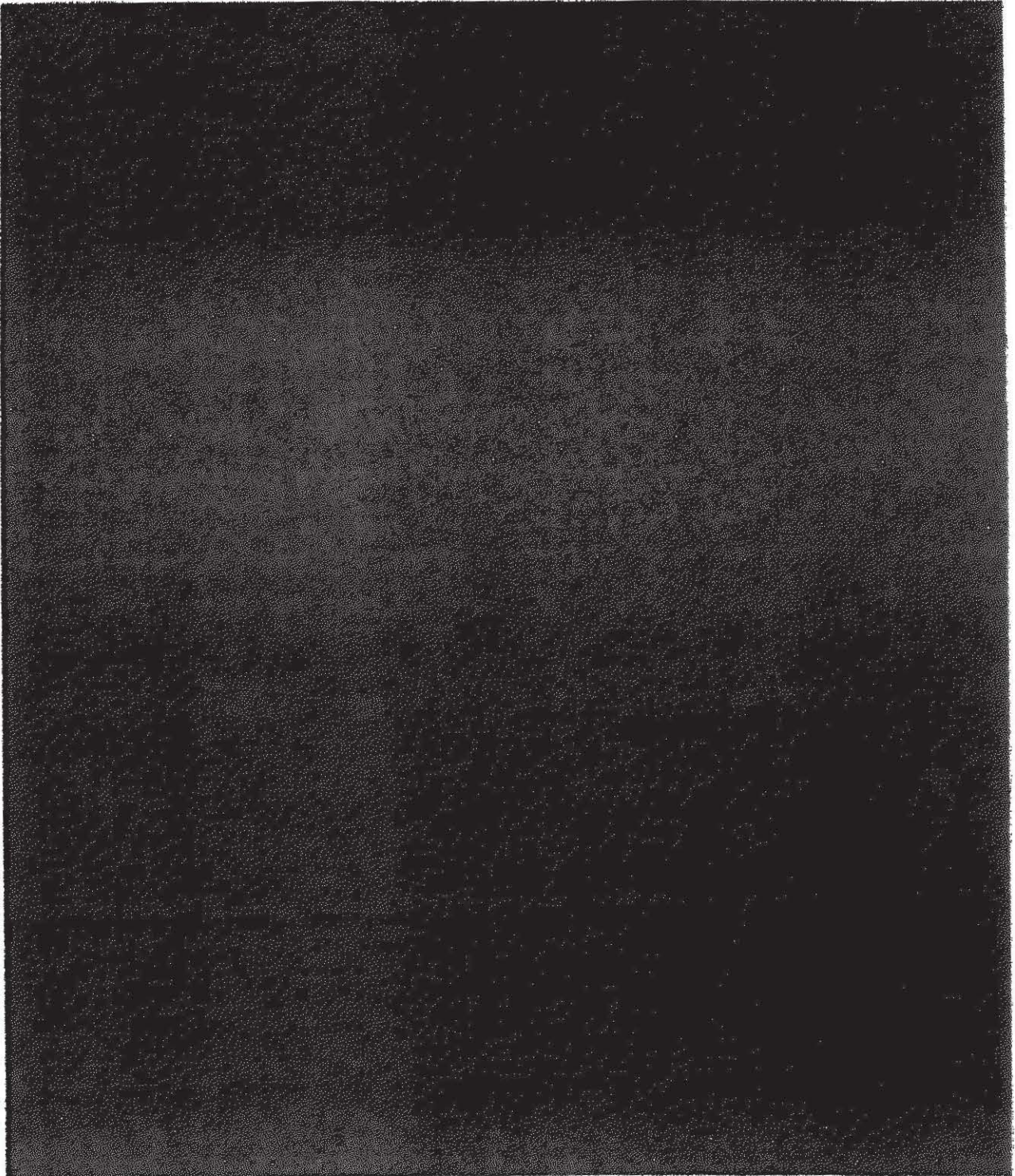




**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**

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**Note 1 – Summary of Significant Accounting Policies: (continued)**

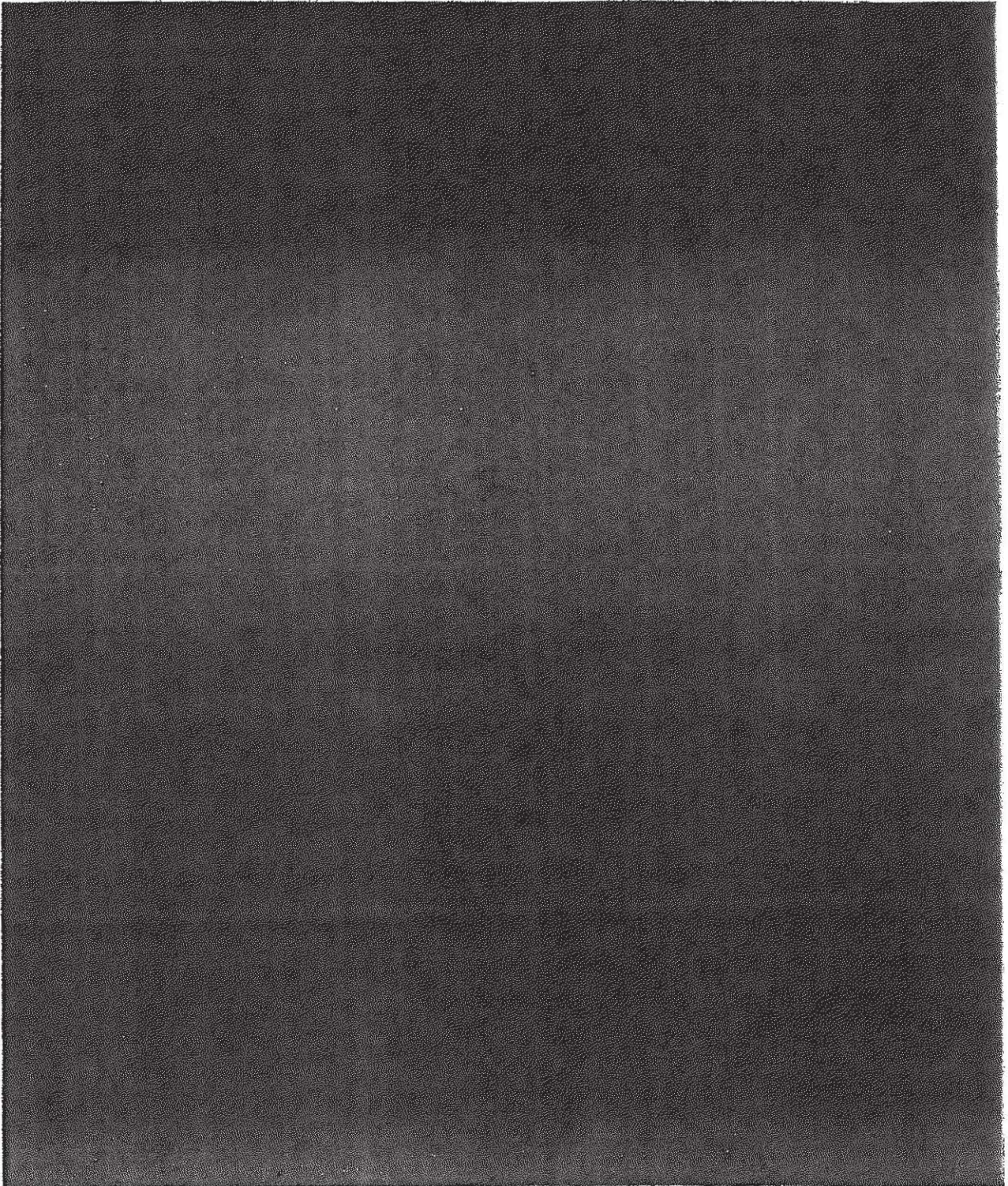




**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**

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**Note 1 – Summary of Significant Accounting Policies: (continued)**

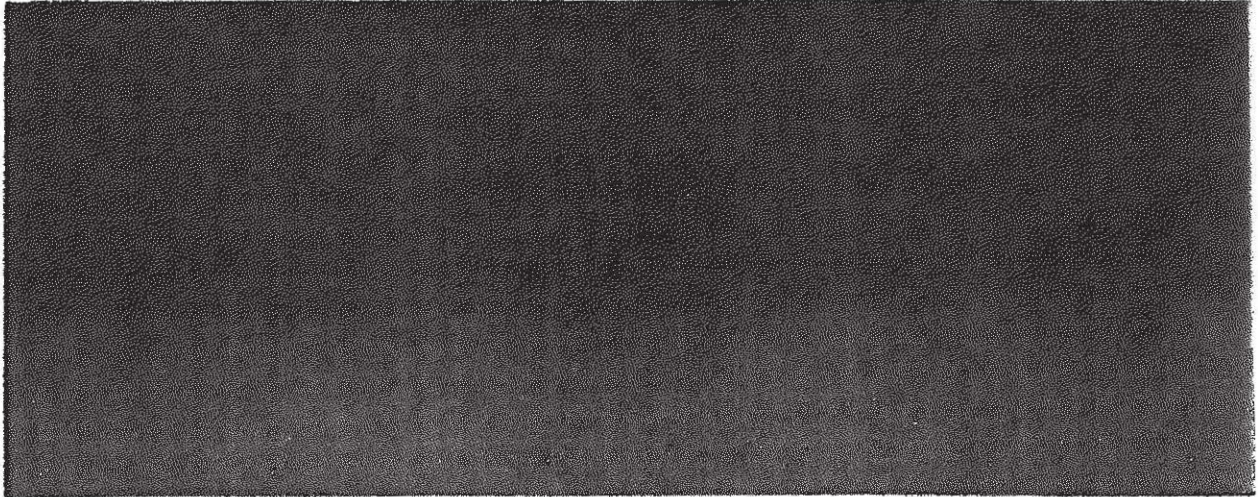




**BRAZOS TELEPHONE COOPERATIVE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013**

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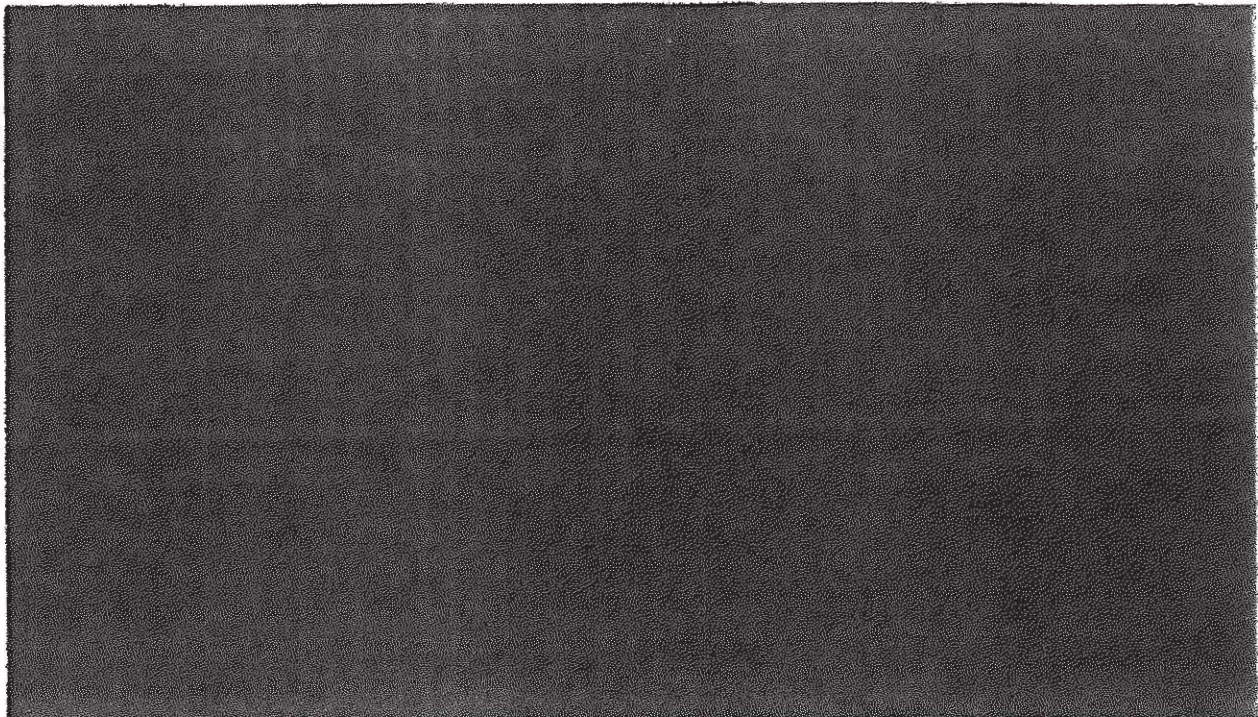
**Note 1 – Summary of Significant Accounting Policies: (continued)**



**Note 2 – Accrued Unbilled Revenue:**



**Note 3 – Income Taxes:**





**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**

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**Note 3 – Income Taxes: (continued)**



**Note 5 – Investment in Cellular Entities:**

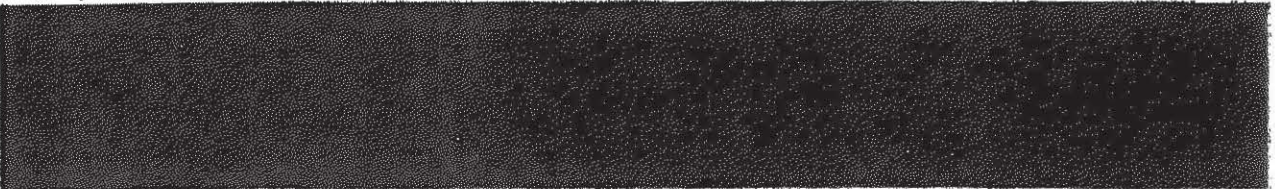


**Note 6 – Other Investments:**

Other investments are stated at cost and contain the following:

**2013**

**2012**

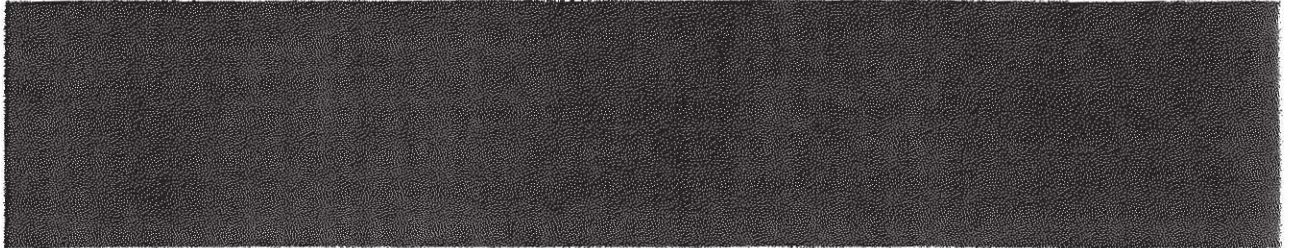




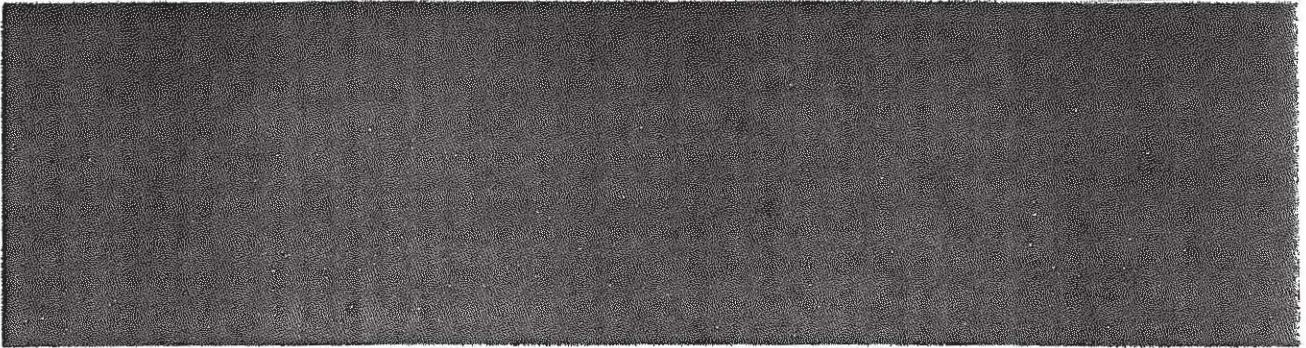
**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**

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**Note 6 – Other Investments: (continued)**

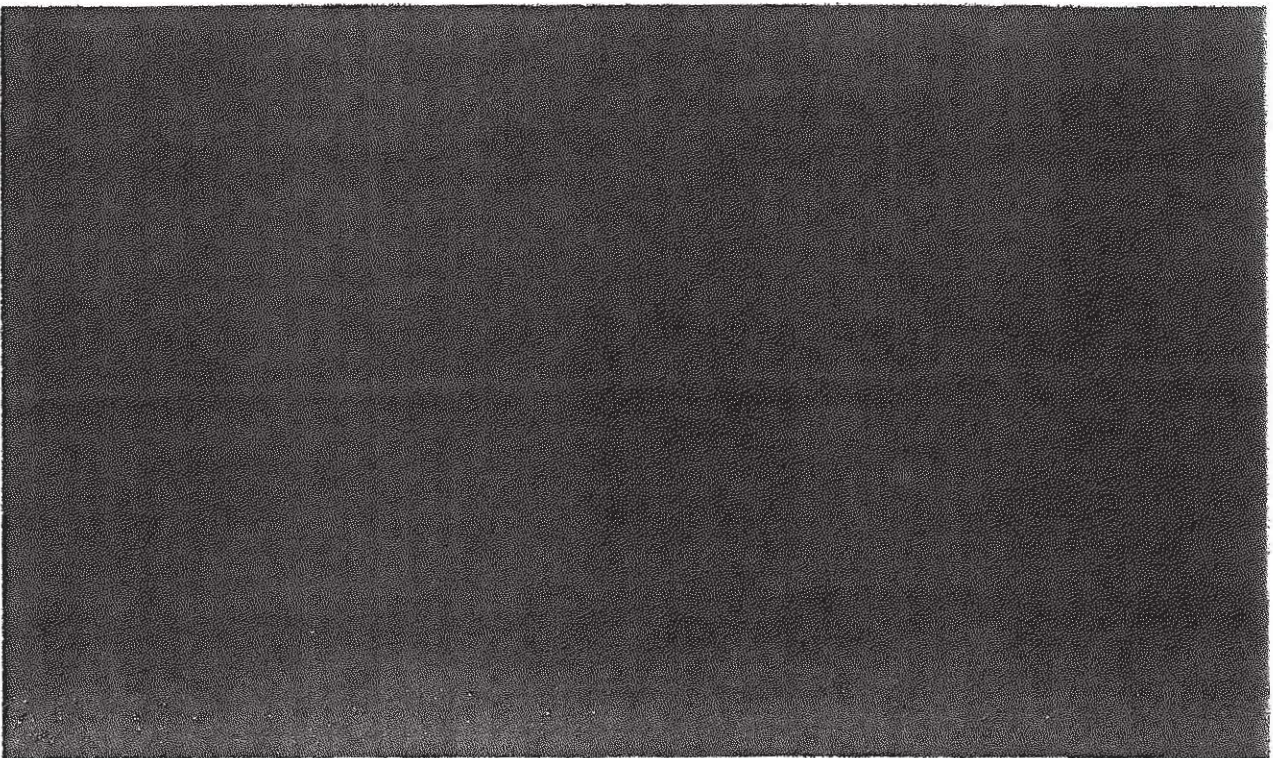


**Note 7 – Long-Term Debt:**



**Note 8 – Employee Benefits:**

**Savings Plan**

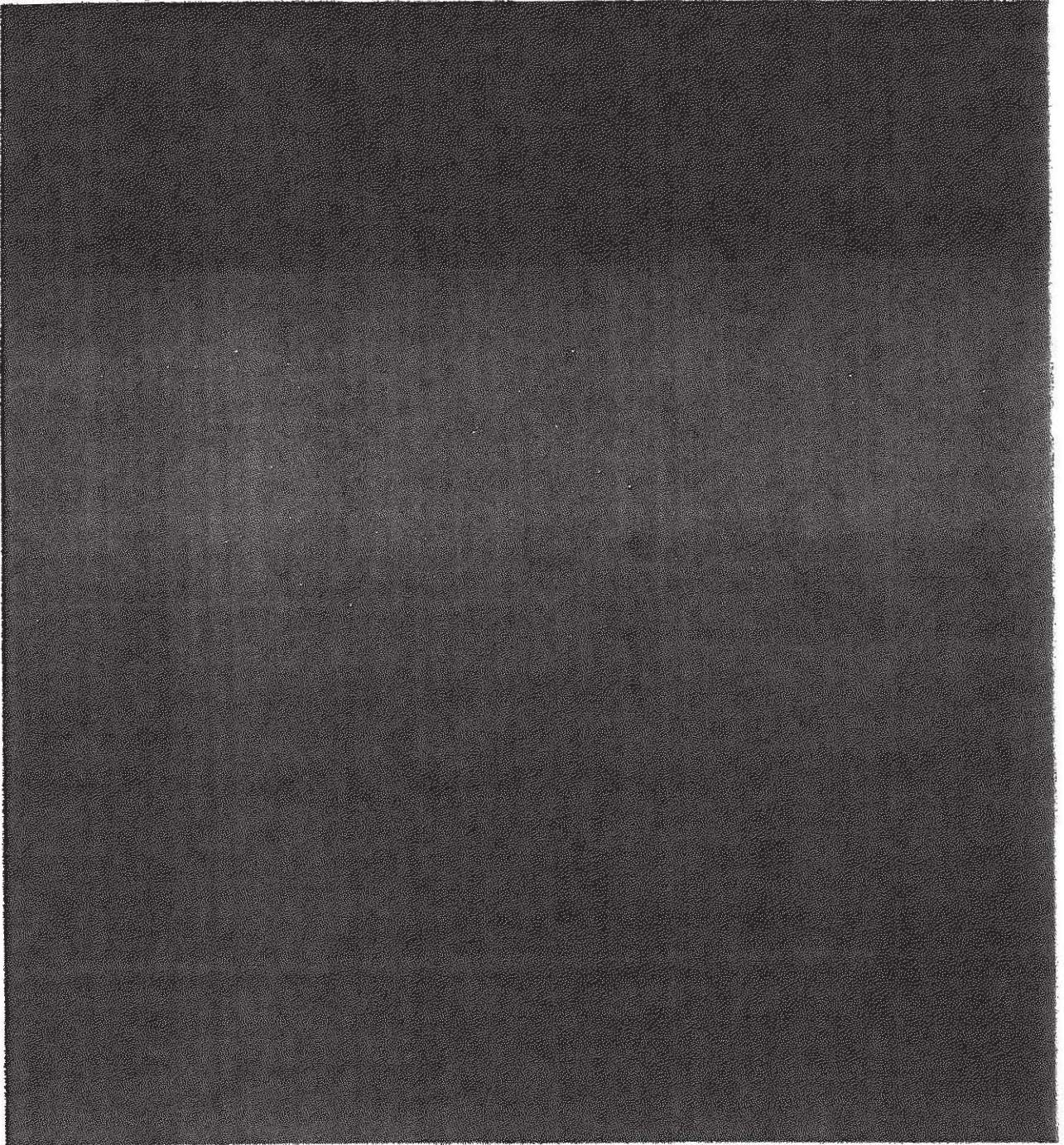




**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**

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**Notes 8 – Employee Benefits: (continued)**

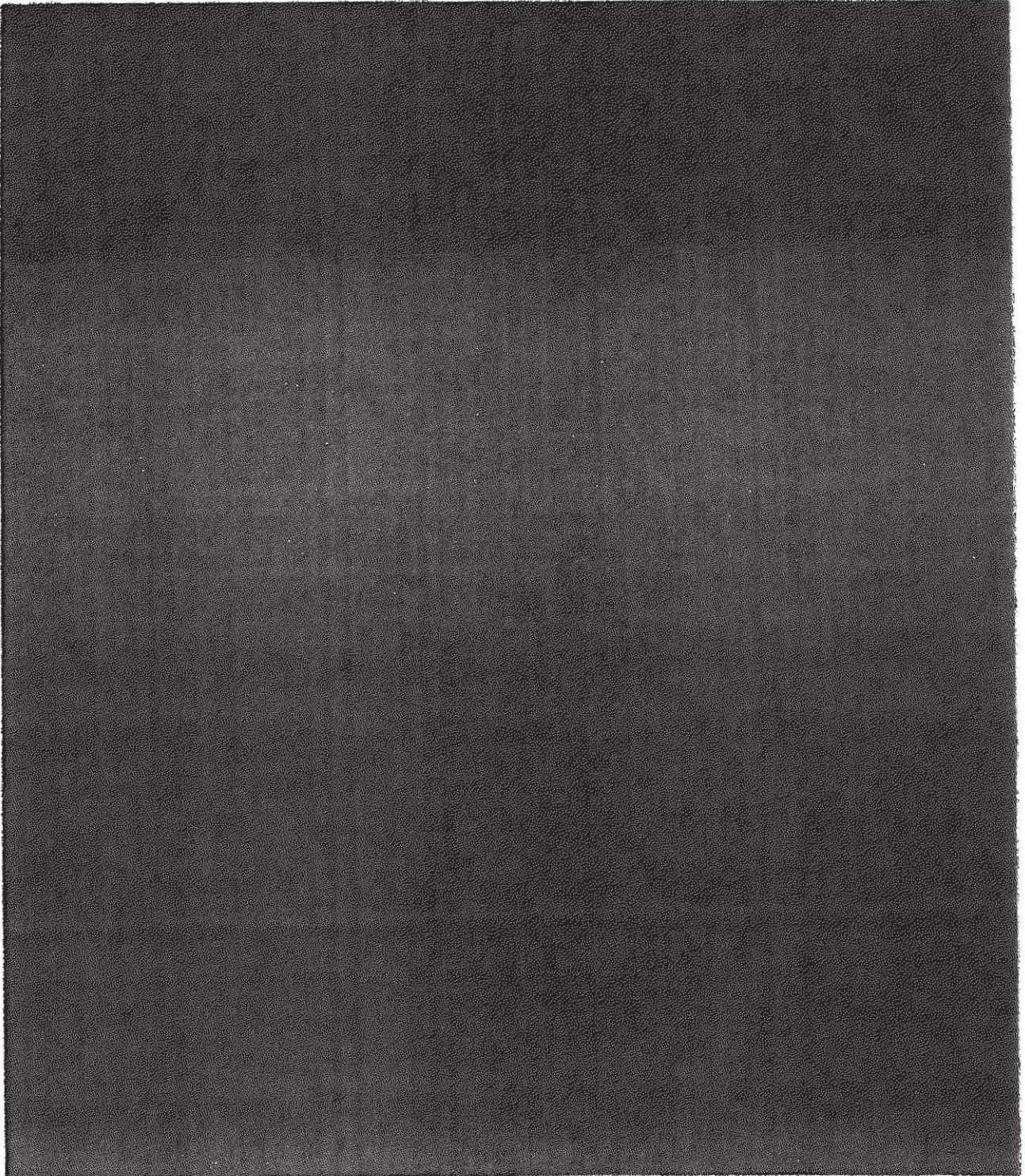




**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**

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**Note 8 - Employee Benefits: (continued)**

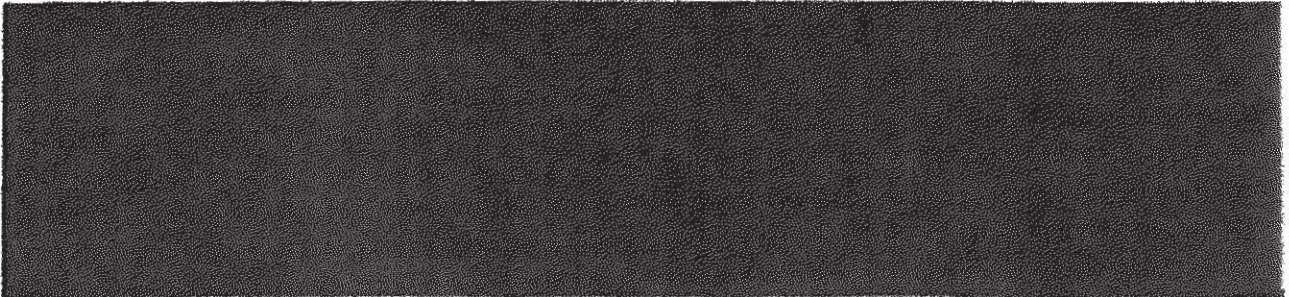




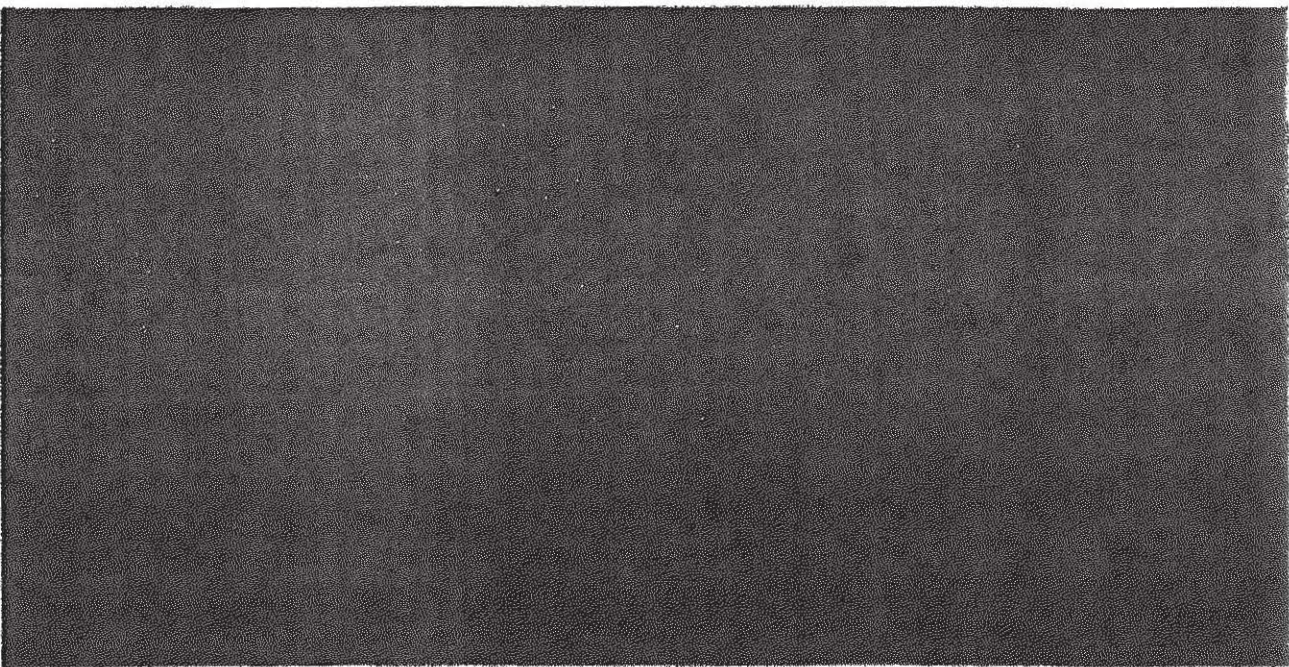
**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**

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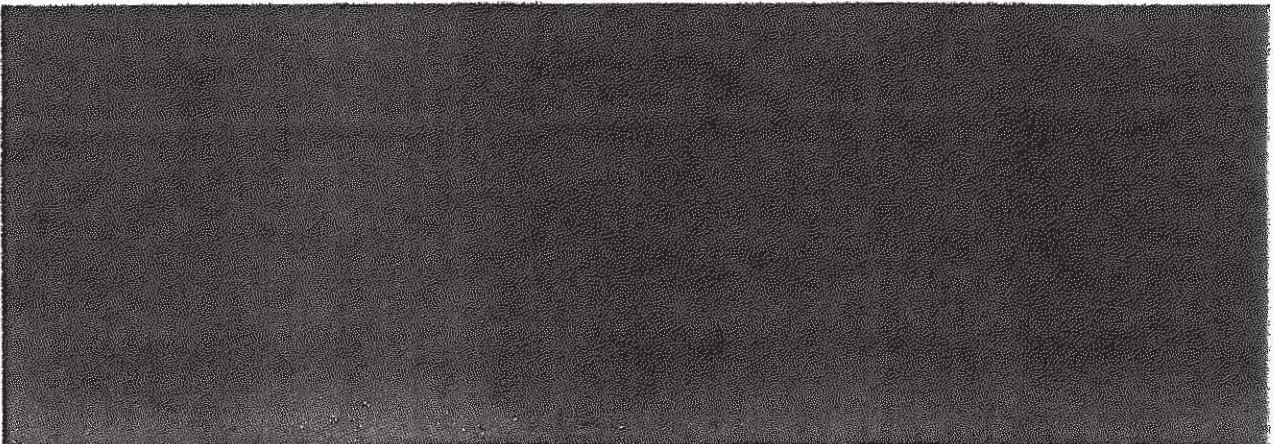
**Note 9 – Additional Cash Flow Information:**



**Note 10 – Financial Instruments:**



**Note 11 – Commitments and Contingencies:**

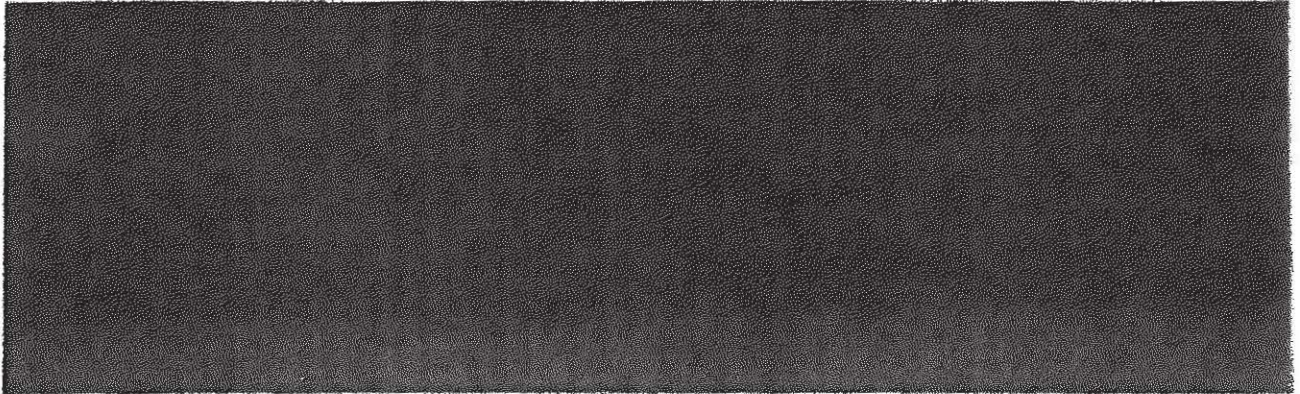




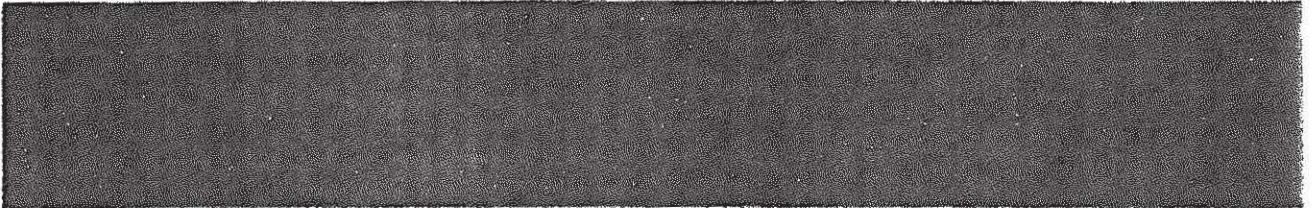
**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013**

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**Note 11 – Commitments and Contingencies: (continued)**



**Note 12 – Change In Accounting Principle:**



**Note 13 – Reclassification Out of Accumulated Other Comprehensive Income:**

